

**RHB CHINA BOND FUND - USD HEDGED CLASS**

The Fund aims to maximise total return by investing in one (1) target fund.

**INVESTMENT STRATEGY**

- At least 95% of NAV: Investments in the RMB denominated class I6 units of the Target Fund.
- The balance of the NAV: Investments in liquid assets including money market instruments, Deposits and collective investment schemes investing in money market instruments and Deposits.

**INVESTOR PROFILE**

This Fund is suitable for:

- ‘Sophisticated Investor(s)’ as defined in the Information Memorandum.

**FUND PERFORMANCE ANALYSIS**

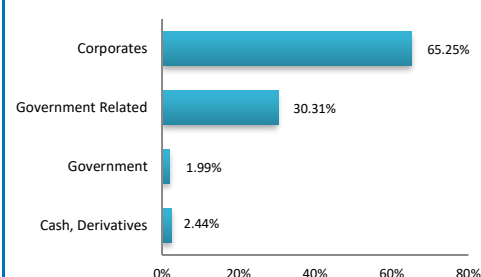
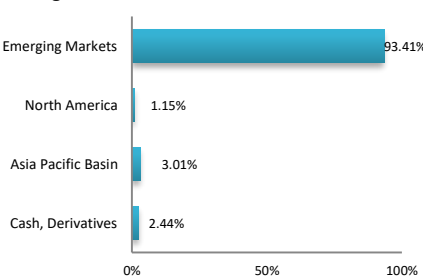
There is no performance record as the Fund launched less than 1 year.

**FUND DETAILS**

<b>Manager</b>	RHB Asset Management Sdn. Bhd.
<b>Trustee</b>	CIMB Commerce Trustee Bhd
<b>Fund Category</b>	Wholesale Feeder
<b>Fund Type</b>	Growth Fund
<b>Launch Date</b>	15 May 2019
<b>Base Currency</b>	RMB
<b>Unit NAV</b>	USD1.0249
<b>Fund Size (million)</b>	USD5.27
<b>Units In Circulation (million)</b>	5.14
<b>Financial Year End</b>	31 August
<b>MER</b>	Not available
<b>Min. Initial Investment</b>	USD1,000.00
<b>Min. Additional Investment</b>	USD500.00
<b>Benchmark</b>	1-year China Household Savings Deposits Rate Index
<b>Sales Charge</b>	Up to 3.00% of investment amount*
<b>Redemption Charge</b>	None
<b>Annual Management Fee</b>	Up to 1.20% p.a. of NAV*
<b>Annual Trustee Fee</b>	Up to 0.04% p.a. of NAV*
<b>Switching Fee</b>	USD 10.00 per switch*
<b>Distribution Policy</b>	Incidental

\*All fees and charges payable to Manager and the Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time.

For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is exclusive of the management fee and trustee fee for the relevant day.

**FUND PORTFOLIO ANALYSIS**
**Sector Allocation\***

**Region Allocation\***

**Top Holdings (%)\***

CHINA DEVELOPMENT BANK 3.8 (25/01/2036)	2.17
CHINA PEOPLES REPUBLIC OF GOVERNMENT 4.08 (22/10/2048)	1.99
COASTAL EMERALD LTD RegS 4.3 (31/12/2049)	1.91
AGRICULTURAL DEVELOPMENT BANK OF CHINA 3.95 (26/02/2031)	1.83
SHANGRAO INVESTMENT HOLDINGS INTER RegS 4.3 (16/01/2023)	1.46

\*As percentage of NAV

\*Source: Black Rock, 31 March 2020. Exposure in BlackRock Global Funds - China Bond Fund - 99.62%

**FUND STATISTICS**
**Historical NAV (USD)**

	1 Month	12 Months	Since Launch
High	1.0544	N/A	1.0544
Low	0.9676	N/A	0.9676

Source: Lipper IM

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**MANAGER'S COMMENTS**
**TARGET FUND'S PORTFOLIO ACTIVITY**

Moving into March, the Target Fund Manager reduces their HY exposure offshore and added to onshore Chinese government bonds. The Target Fund Manager's onshore exposure has limited their downside risk in March but more importantly, it means that 35% of their underlying portfolio has emerged through March unscathed and can now take advantage of the dislocations offshore for upside.

Post the sell-off in March, the Target Fund Manager moved away from the onshore RMB credit market, which has significantly outperformed the offshore USD Chinese credit market, into the offshore USD Chinese credit to take advantage of cheap valuations: in IG, government related credits and in HY, property.

This has allowed us to provide strong risk adjusted returns for the Target Fund Manager's investors. To capitalize on the market dislocations in the USD Chinese credit market, the Target Fund Manager has reallocated capital to USD Chinese Credit with a 71% allocation to USD Chinese Credit and a 29% allocation to RMB credit.

**TARGET FUND'S POSITIONING**

The underlying portfolio remains income-focused with a yield of 8% with an average investment grade rating. The Target Fund Manager sees underlying portfolio resilience and credit quality increasing in importance for investments in the coming months. The Target Fund Manager's underlying portfolio has been resilient, exhibiting low drawdowns amidst the volatility associated with the coronavirus given the diversification between the onshore and offshore Chinese bond markets. Expectations of (and room for more) policy easing in China continues to be tailwind for Chinese fixed income markets.

Loose monetary conditions in China onshore, and government effectively postponing the deleveraging agenda are keeping onshore liquidity flush. Most companies have refinanced their 2020 maturities earlier this year, this should lead to lower defaults near term.

Overall, the Target Fund Manager expects 1% defaults in China this year vs 0.8% last year. The weakest credits have defaulted in the first wave last 2 years. But the Target Fund Manager has to be mindful that defaults can still happen particularly in the weaker local SOEs so security selection is key.

Within HY:

- The exposure to energy, hotels, cruises and consumer discretionary is small in China HY unlike US HY. Furthermore, sentiment is improving onshore.
- Within Property, the underlying fundamentals of the sector have been improving since the initial lockdown implemented by the Chinese government. China property (the largest sector in Asian HY) is seeing close to 80-90% of construction activities resuming and 90-100% of sales offices reopening outside of Hubei. Property sales have been picking up in March since it bottomed in February.

Within local government credits:

- There's a wide range of credit risk (from negligible to risk close to private credit risk) which the Target Fund Manager has to assess.
- As the Target Fund Manager goes into local SOEs, LGFVs, the Target Fund Manager has to assess both the systematic importance of the entity and also the fundamentals of the corporate.

Coming out from a very volatile March, the Target Fund Manager sees underlying portfolio resilience and credit quality increasing in importance for investments in the coming months. The Target Fund Manager's underlying portfolio has been resilient, exhibiting low drawdowns amidst the volatility given the diversification between the onshore and offshore Chinese bond markets.

**DISCLAIMER:**

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Information Memorandum dated 15 May 2019 and its supplementary(ies) (if any) ("the Information Memorandum") before investing. The Information Memorandum has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. This update does not amount to indicate that the SC has recommended or endorsed the Fund. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Information Memorandum relates will only be made on receipt of a form of application referred to in the Information Memorandum. The Fund are only offered to "sophisticated investor" as defined in the Information Memorandum. For more details, please call 1-800-88-3175 for a copy of the PHS and the Information Memorandum or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are management risk, liquidity risk, country risk and currency risk and the specific risks of the target fund are fixed income transferable securities risk, emerging market risk, restrictions on foreign investments risk, portfolio concentration risk, bond downgrade risk, sovereign debt risk, distressed securities risk, contingent convertible bond risk, credit risk of issuers, liquidity risk, currency risk, derivatives risk and securities lending risk. These risks and other general risks are elaborated in the Information Memorandum.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.

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